

STAFFORD COUNTY SCHOOL BOARD

Agenda Consideration

TOPIC: Reappropriation of the FY 2005
Year-End Carryover Funds

ITEM NO.: 9C

PREPARED BY: Wayne Carruthers, Assistant
Superintendent of Financial Services
of Financial Services

Patty Sullivan, Director of Budget
and Grants

MEETING: October 25, 2005
MEETING: November 15, 2005
MEETING: December 13, 2005
ACTION: January 24, 2006

ACTION REQUESTED BY THE SUPERINTENDENT: That the School Board again request the Board of Supervisors to appropriate the remaining FY 2005 Year-End balances to the FY 2006 School Operating Budget.

KEY POINTS:

School Operating Fund

- See attachment A for an explanation of all information included since this agenda item was first introduced on October 25, 2005.

SCHOOL BOARD GOAL 4: Address the impact of continuing population growth by developing plans to address expanding staff, facilities, transportation, attendance zones, and instruction.

SCHOOL BOARD GOAL 8: Provide School Board leadership in advocating for adequate funding in support of Stafford County Public Schools.

FUNDING SOURCE: Existing allocations (does not require additional local funds).

AUTHORIZATION REFERENCE: Principles of High Performance Financial Management

School Operating Fund – Summary of Attachments

- All of the FY 2005 school operating fund year-end balances, identified most recently in the December 13, 2005 agenda item # 13B, have been appropriated to the school division for FY 2006 with the exception of \$5,740,530. See Attachment B—the request to the County for appropriation of FY 2005 Year-End Carryover Funds which identifies the funds that have been appropriated to date and those that have not been appropriated.
- The Board of Supervisors on December 20, 2005 postponed making a decision as to when or whether they would appropriate \$5,740,530 in carryover funds to the school operating fund (See Attachment B—Expenditure Carryover – Reserved Funds).
- Attachment C is a copy of the December 13, 2005 agenda item # 13B which includes a variety of capital outlay items identified in the FY 2006 budget, FY 2006 school startup expenditures, and staff recommended priorities that could be identified as uses of the carryover funds in FY 2006. Other than notations for appropriations, Attachment C is the same agenda item brought forward on October 25, 2005.
- Attachment D is the School Board's Priority Budget Reinstatement list that was created during the FY 2006 budget reduction session as a guide for reinstating the expenditure items cut to meet the revenues available at that time. The Technology Replacements' line item and the Facility As-Built (Blue Line) Scanning and Inventory line item are the only two items on the list that meet the requirements of the County's *Principles of High Performance Financial Management*.
- Attachment E is a copy of the County's *Principles of High Performance Financial Management* adopted on June 21, 2005 which includes the County's criteria for reappropriation of carryover funds.
- Below are recommendations for partial use of the \$5,740,530 in FY 2005 Carryover Funds that have not been appropriated to the School Operating Fund as this date:

❖ Items that have been approved by the School Board:

▪ Locker Replacements at A.G. Wright Middle School	\$ 90,000
▪ School-Site Studio Pianos for A.G. Wright Middle School, Ferry Farm Elementary, and Grafton Village Elementary School	\$ 11,808

❖ Staff Recommendations:

▪ Divisionwide Compensation Study	\$ 38,000
▪ Anticipated Fuel/Utilities Increases	\$ 1,200,000
▪ Planning Department - New Position Vehicles (2)	\$ 30,000
▪ Hot Water Heater Replacements (Brooke Point and Stafford High Schools)	\$ 250,000
▪ Maintenance – Replacement Dump Truck	\$ 55,000
▪ Transportation – Replacement Vehicle for Director	\$ 18,500
▪ Instruction – Mobile Remedial Classrooms (2)	\$ 250,000
▪ Board Docs	\$ 199,500
▪ Central Office – Plant Engineer Vehicle	\$ 18,500
▪ Total Recommended Uses	\$ 2,161,308

SCHOOL BOARD MEMBERS

THOMAS F. VILLACRES
Chairman

DANA REINBOLDT
Vice Chairman

ROBERT BELMAN
PATRICIA HEALY
ROBERT HUNT
EDWARD J. SULLIVAN
KAREN D. ZINK

STAFFORD COUNTY PUBLIC SCHOOLS

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JEAN S. MURRAY, ED.D.
Superintendent



The mission of Stafford County Public Schools is to challenge each student to reach his or her potential and to prepare each student to succeed in society.

TO: Steve Crosby, County Administrator
FROM: Jean S. Murray, Ed.D., Superintendent
SUBJECT: FY 2005 Reappropriations for the Board of Supervisors' Approval
DATE: November 15, 2005

Based on the guideline established in the *Principles of High Performance Financial Management* that the School Operating Fund unreserved (available) balance will be appropriated annually to the School Board for capital or startup expenditures, the School Board, at their meeting on October 25, 2005, approved a request that the following appropriations be placed on the Board of Supervisors agenda as soon as possible along with the appropriation of the June 30, 2005 outstanding purchase orders. The School Board's intention is to identify the full amount of the reappropriation in one-time expenditures within the budget, fully understanding this will not increase the base of the next budget, in the spirit of the agreement.

(1) Reappropriated Purchase Orders - \$28,152,928

School Operating Fund:

• Instruction	\$ 6,198,552
• Administration, Attendance, and Health	\$ 100,523
• Operation and Maintenance	\$ 987,330
• Facilities	\$ 73,138

School Operating Fund Total \$ 7,359,543

School Nutrition Services Fund \$ 96,188

School Construction Fund \$ 20,647,534

Fleet Services Fund \$ 49,663

Appropriated 11/29/2005

(2) Emergency Contingency Funds \$ 2,192,676

(3) FY 2005 Incomplete Projects..... \$ 871,347

The School Board requests that these funds be carried over to FY 2006 to complete these projects.

(4) Expenditure Carryover – Reserved Funds \$ 5,740,530

The School Board requests that these funds be carried forward to FY 2006 as reserved funds for capital projects and startup expenditures.

Not appropriated as of
January 24, 2006

(5) FY 2005 Technology Replacements & Buses

Lease Financing Proceeds \$ 3,546,316

Appropriated
11/29/2005

STAFFORD COUNTY SCHOOL BOARD

Agenda Consideration

TOPIC: FY 2005 Year-End Financial Review**ITEM NO.:** 13B**PREPARED BY:** H. Charles Woodruff, II
Assistant Superintendent
of Financial Services**MEETING:** October 25, 2005
MEETING: November 15, 2005
MEETING: December 13, 2005
ACTION DATE: December 13, 2005Patty Sullivan, Director
of Budget and Grants

ACTION REQUESTED BY THE SUPERINTENDENT: That the School Board approve the FY 2005 Year-End Financial Review and finalize the distribution of the carryover funds.

KEY POINTS:

(see pages 3-4 for further explanation)

School Operating Fund

- The net expenditures balance for FY 2005 includes funds to appropriate 1% of budget to emergency contingencies and \$871,347 for capital purchases' commitments.
- Additional projected expenditure savings result in \$5,740,530 in available funds to carry forward to FY 2006. The proposed uses of the school operating available funds of \$3,917,530 includes a variety of capital outlay and school startup expenditures and \$1,823,000 for staff recommended priorities which includes \$1,200,000 for an energy contingency line.
- Other appropriation requests included: \$3,546,316 for the balance of technology and buses lease/purchases; and, \$2,099,263 for the lease/purchase of buses for FY 2006. These appropriations will properly book the entire purchase of technology replacements and buses under a lease/purchase agreement, as required by the County auditors, to properly account for the expenditure and offsetting revenue.
- A \$7,359,543 request for FY 2005 purchase orders to be reappropriated to FY 2006 is included.

Reappropriated Purchase Orders***On November 29th, the Board of Supervisors appropriated to FY 2006 the purchase orders that were outstanding at June 30, 2005:***

• School Operating Fund	\$ 7,359,543
• School Nutrition Services Fund	\$ 96,188
• School Construction Fund	\$ 20,647,534
• Fleet Services Fund	\$ 49,663
• Total School Funds	\$ 28,152,928

SCHOOL BOARD GOAL 4: Address the impact of continuing population growth by developing plans to address expanding staff, facilities, transportation, attendance zones, and instruction.

SCHOOL BOARD GOAL 8: Provide School Board leadership in advocating for adequate funding in support of Stafford County Public Schools.

FUNDING SOURCE: Existing allocations (does not require additional local funds).

AUTHORIZATION REFERENCE: Local Principles of Financial Management

Stafford County Public Schools FY 2005 Year-End Balances and Uses of Funds

Approved School Operating Budget	\$ 210,944,512	
FY 2005 Expenditures	(\$189,320,579)	
Reappropriated Purchase Orders to FY 2006	(\$ 7,359,543)	(1)
Revenues Balance	(\$ 5,459,837)	(2)
Emergency Contingency (1% of FY06)	(\$ 2,192,676)	(3)
Previously Approved Incomplete Projects	(\$ 871,347)	(4)
Available Funds	\$ 5,740,530	
School Board Priorities	(\$ 3,917,530)	(5)
Staff Recommended Priorities	(\$ 1,823,000)	(6)
Remaining Funds	<u>\$ 0</u>	

\$ 28,152,928

(1) Reappropriated Purchase Orders – Total All

• School Operating Fund:	
~ Instruction	\$ 6,198,552
~ Administration, Attendance, and Health	\$ 100,523
~ Operation and Maintenance	\$ 987,330
~ Facilities	<u>\$ 73,138</u>
School Operating Fund Total	\$ 7,359,543
• School Nutrition Services Fund	\$ 96,188
• School Construction Fund	\$ 20,647,534
• Fleet Services Fund	\$ 49,663

(2) Revenue Deficit:

The revenue deficit balance includes lease/purchase proceeds for buses and technology replacements in the amount of \$3,546,316 that were anticipated but not received in FY 2005 and \$1,834,606 in grant contingency funds not used in FY 2005. Grant contingencies are not carried forward to the next fiscal year thus the actual revenue deficit is \$78,915.

Note: On November 29th the Board of Supervisors reappropriated \$3,546,316 to the FY 2006 School Operating Fund for lease/ purchase financing proceeds for FY 2005 buses and technology replacements.

(3) Emergency Contingency Account:

Emergency contingency funds are not anticipated in original budget figures, but are carried forward from the previous fiscal year. The emergency contingency funding for FY 2006 at 1% of approved school operating budget is \$2,192,676.

Note: On November 29th the Board of Supervisors appropriated \$2,192,676 in emergency contingency funds to the FY 2006 School Operating Fund.

(4) Previously Approved Incomplete Projects from FY 2005:

• Bleacher Repairs	\$	165,000
• Partitions – RES	\$	61,000
• Press Boxes BPHS & CFHS	\$	61,000
• Water Supply – HES	\$	80,000
• Bandy Sign	\$	60,000
• Human Resources Winocular System	\$	46,786
• Startup Costs for CES & MVHS	\$	316,045
• Grants & Donations' Balances	\$	81,516
• Total	\$	<u>871,347</u>

Note: On November 29th the Board of Supervisors appropriated \$871,347 to the FY 2006 School Operating Fund for FY 2005 Incomplete Projects.

(5) School Board Priorities (to be determined)..... \$ 3,917,530

(6) Staff Recommended Priorities:

- Compensation Study \$ 38,000
This study will assist staff in making recommendations regarding employee compensation in comparison to other markets for FY 2007 and future years. The cost reflects using the same company that recently completed the County's compensation study.
- Anticipated Fuel/Utilities Increases \$ 1,200,000
As of this date, fuel prices remain unstable and have more than doubled since this time a year ago. Original budget projections for diesel fuel were based on a cost of \$1.41 per gallon; as of October 3 the price per gallon was \$3.03. The anticipated increase includes \$750,000 for vehicle fuel and \$450,000 for utilities'.
- Planning - Vehicles for new positions (EM & FAE) \$ 30,000
These vehicles for the Energy Manager and Facilities Assessment Engineer positions are required so these staff members can visit school facilities on a daily basis and have the capability to transport multiple team members.
- Hot Water Heater Replacements (BPHS & NSHS) \$ 250,000
These hot water heaters are original equipment in Brooke Point High School and North Stafford High School designed for domestic use. Staff has previously repaired these units and they are now considered beyond economic repair.
- Maintenance – Replacement Dump Truck \$ 55,000
Vehicle is required to support existing fleet for snow removal, sanding parking lots, and delivering materials such as mulch, etc.

(6) Staff Recommended Priorities (continued):

- Instruction - Remedial Classrooms (2) \$ 250,000
To provide mobile classrooms to take remedial education staff members to the locations requiring these services and provide the space needed without disrupting regular classroom routines.
- Total \$ 1,823,000

FY 2006 School Operating Fund ~ Previously Cut Budget Items Reinstatement Priority Order

First Priority Reinstatement

- | | | |
|------------|--|--------------------|
| 1) | Materials, Supplies, Purchased Services, Conferences and Travel | \$3,200,000 |
| | <p>Requires reductions divisionwide for materials and supplies including uniforms, maps and globes, training materials, parts and repair items, small tools, computer peripherals, and office supplies. Purchased services' cuts would reduce training, repair and maintenance, evaluation, etc. Reductions to travel and conference monies curtail professional development from outside sources.</p> | |

Second Priority Reinstatement

- | | | |
|------------|--|--------------------|
| 1) | Technology Replacements | \$1,604,000 |
| | <p>The school division's Cyclical Technology Replacement Plan calls for an investment of \$2.6 million a year to provide the necessary divisionwide technology replacements. Five million dollars was borrowed in FY 2005 to provide funds to replace the outdated equipment in the system. The \$1.6 million in cyclical funding is to provide the necessary replacements to keep the system updated continually.</p> <p>By cutting this funding, the system will again fall behind in the technology replacement cycle which will mean another influx of borrowed funds would be needed to "catch up" again in the future.</p> | |

Third Priority Reinstatements

- | | | |
|-------------|---|------------------|
| 3A) | National Defense Cadet Corps (JROTC) | \$217,797 |
| | <p>This program is fully funded by the schools that choose to pursue a JROTC unit without financial assistance from the Army. The school division incurs all costs to include instructor salaries, uniforms, and daily operational expenses. The projected cost covers 150 cadets.</p> | |
| 3B) | FTE Reserve Positions | \$400,000 |
| | <p>This contingency funding is included to ensure teacher and paraprofessional positions for unusual classroom situations, i.e. special education requirements, state and federal mandated requirements, etc. This funding would allow the immediate hiring of personnel to cover these situations rather than having to bring position requests forward through the normal School Board process.</p> | |
| 3C) | Assistant Superintendent of Instructional Leadership | \$148,460 |
| | <p>This position is included in the efficiency study because it is impossible to run a growing school division with the same number of administrative positions year-after-year. According to the study, Stafford Schools spend the least amount of funds on administrative positions out of all those in their peer group – a fact that reflects well on those that hold the positions, but creates increasing workloads that get harder each day to maintain.</p> | |
| 3D) | Administrative Assistant | \$42,083 |
| | <p>Administrative Assistant to the Assistant Superintendent position above.</p> | |

FY 2006 School Operating Fund ~ Previously Cut Budget Items Reinstatement Priority Order

3E) Facility As-Built (Blue Line) Scanning and Inventory	\$50,000
<p>Funds are required to initiate an effort to inventory SCPS existing facility and project as-built (blue line) drawings, scan drawings and establish an electronic file repository to enhance the hard copy drawings. This effort will include inventorying all drawings located within the Planning and Construction Department, Maintenance Department and SCPS Facilities. This will be a multi-phased/multi-year project.</p> <p>If funding is not provided, SCPS will continue to operate with an antiquated construction drawing filing system that promotes inefficiency. Original drawings are more apt to be lost, misplaced and stolen. Having an electronic filing system will enhance our drawing security, enhance drawings availability to the staff and our customers and improve the ability for staff to provide more accurate information on a more timely basis. Cost to inventory and scan will be based on the number of original sheets.</p>	
3F) Career and Technology Education Coordinator	\$86,912
<p>To provide coordination of the instructional program for Business and Information Technology in grades 6-12. The business program has the largest enrollment and with the projected new high schools and middle schools, the program will continue to grow.</p>	
3G) Phase-In Speech Therapists to Therapists' Salary Scale	\$150,000
<p>To provide salaries for speech therapists based on the competitive market. These positions are increasingly difficult to fill due to the less than competitive salary offered by the school division.</p>	
3H) Tuition Reimbursement - PACE	\$100,000
<p>Provides mandated services to special education students who require an alternative day placement which is not funded through CPMT (i.e., Prince William PACE Program). (Anticipates a reduction in participants.)</p>	
Total Cuts to Be Reinstated as Funding Permits	\$5,999,252

COUNTY OF STAFFORD
PRINCIPLES OF HIGH PERFORMANCE FINANCIAL MANAGEMENT
ADOPTED BY THE BOARD OF SUPERVISORS ON JUNE 21, 2005

The Stafford County Board of Supervisors hereby establishes its *Principles of High Performance Financial Management* to prudently manage the people's resources through:

- Accountable and straightforward allocation of resources.
- Planned strategic use of financial resources to ensure sustainability.
- Maintaining and upgrading the County's bond ratings.
- Balanced tax burden from residential and commercial sources.

DEBT LIMITATIONS

- General obligation debt shall not exceed 4.5% of the assessed valuation of taxable real property.
- General fund debt service expenditures (County and Schools) shall not exceed 12% of the general government budget.
- Capital lease debt service shall not exceed 2% of the general government budget with 2/3 allocated to the Schools and 1/3 allocated to the County. Capital lease debt may only be used if the following four criteria are met:
 1. Capital lease purchase is eligible under state law for such financing; and,
 2. Useful life of the purchase equals or exceeds the term of the debt; and,
 3. Total purchase exceeds \$100,000; and,
 4. Sufficient funds are available to service the capital lease debt.

CAPITAL IMPROVEMENT PROGRAM (CIP) AND BONDED DEBT SERVICE AFFORDABILITY GUIDELINES

- A five-year CIP allocating capital improvement funds between the Schools and General Government will be adopted annually.
- CIP projects will be no less than \$500,000 each.
- Each year's available debt service will be established by increasing the prior year's actual debt service by the percentage of general fund revenue changes averaged over the last 5 years.

UNDESIGNATED FUND BALANCE

- The County shall maintain an undesignated fund balance that is not less than 10% of annual general fund revenues. Use of the undesignated fund balance below this amount will be restricted to only significant unexpected declines in revenues or unanticipated emergency expenditures. Following any use of undesignated fund balance, the County will replenish the undesignated fund balance within three fiscal years.
- After the yearly audit and in consideration of current financial conditions, the Board of Supervisors may allocate amounts in excess of the minimum undesignated fund balance as follows:
 - a. The School Operating Fund unreserved (available) balance will be re-appropriated annually to the School Board for capital or start-up expenditures.
 - b. The amount in excess of the minimum undesignated fund balance will be divided equally between the Schools and General Government and shall be used only for one-time expenditures.

GENERAL FUND BUDGET GUIDELINES

- The school's share of the general government revenues will be 100% of meals tax revenues and a target of 69% of all other local tax revenues. The school operating transfer will be the difference between the school's share of general government revenues and school-related bonded and lease debt service.
- An amount equivalent to 1% of general fund revenues will be set aside for pay-as-you-go capital projects.
- An amount equivalent to 1% of general government expenses will be set aside for the operating budget contingency reserve.

TAX TRIGGER PROVISION

- General revenue increases that exceed revenue forecasts, and are not accompanied by additional costs in the annual budget process, provide a trigger to reduce the real estate tax rate.

PERIODIC POLICY REVIEW

- The Board of Supervisors will review this policy no less than once every two years.

Note: General Government is defined as the General Fund plus the School Fund minus the School Transfer.